

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7111**

**BILL NUMBER:** HB 1426

**NOTE PREPARED:** Jan 4, 2004

**BILL AMENDED:**

**SUBJECT:** Income Tax Deduction for Organ Donors.

**FIRST AUTHOR:** Rep. Orentlicher

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill provides a \$10,000 income tax deduction for human organ donation by an individual or an individual's dependent.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** The Department of State Revenue (DOR) would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to incorporate this deduction. These expenses presumably could be absorbed given the DOR's existing budget and resources.

**Explanation of State Revenues:** The bill would reduce state Adjusted Gross Income (AGI) Tax liabilities of individual taxpayers who incur certain expenses in connection with the donation of a human organ by the taxpayer or the taxpayer's dependent for human organ transplantation. The revenue loss due to this bill could potentially total about \$20,000 to \$30,000 annually beginning in FY 2006.

*Background:* The bill establishes an AGI deduction for unreimbursed travel expenses, housing expenses, lost wages, and other expenses incurred in connection with the donation of a human organ by the taxpayer or the taxpayer's dependent for human organ transplantation. The bill defines "human organ" to be all or a part of the kidney, liver, lung, bone marrow, pancreas, or intestine of a human body. The deduction is equal to the lesser of the individual's expenses or \$10,000. The deduction may be claimed only once during an individual's lifetime.

The United Network for Organ Sharing registry on organ transplantation reports the number of live donor organ donations carried out annually in each state. While donations have averaged about 45 per year since

1988, the yearly average has increased to 64 since 2000. Forty-five donations have occurred in Indiana from January-September of this year. Donations have grown annually by average of 4.8% since 2000.

The revenue from the AGI Tax on individuals is deposited in the state General Fund (86%) and the Property Tax Replacement Fund (14%). Since the deduction is effective beginning in tax year 2005, the fiscal impact would begin in FY 2006.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Since the proposed deduction would affect an extremely small group of taxpayers, the impact on local option income taxes (CAGIT, COIT, and/or CEDIT) is expected to be minimal.

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:** Counties with a local option income tax.

**Information Sources:** United Network for Organ Sharing, Organ Procurement and Transplantation Network, <http://www.unos.org/data/about/viewDataReports.asp>.

**Fiscal Analyst:** Jim Landers, 317-232-9869.